



27 SEP. 2006

Excise and GST/HST Rulings Directorate
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141 Laurier Avenue West
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SEP 21 2006

Case Number: 60541

Attention: John Service, Ph.D.
Executive Director

Dear Sir:

Subject: Independent Medical Examinations and Other Independent Assessments

The purpose of this letter is to advise you that the Canada Revenue Agency has just released the Policy Statement P-248, *The application of the GST/HST to the supply of an independent medical examination ("IME") and to other independent assessments*.

This policy statement can be found under the **GST/HST Policy Statements** link at http://www.cra-arc.gc.ca/menu/GTPP_200-e.html on the Canada Revenue Agency ("CRA") Web site. The policy represents a change in the CRA's position with respect to the application of the Goods and Services Tax ("GST")/Harmonized Sales Tax ("HST") to sections 5 and 7 of Part II of Schedule V to the *Excise Tax Act* (the "ETA") and it describes the circumstances under which IMEs and other independent assessments will be exempt from the GST/HST under these provisions as well as section 2 of that Part.

The effective date of the policy is June 8, 2001, which is the date the Tax Court of Canada issued its decision regarding *Riverfront Medical Evaluations Ltd. v. Canada* ("Riverfront"). The policy is based on careful consideration of the Tax Court of Canada and Federal Court of Appeal decisions in *Riverfront*, the exemptions in the ETA that apply to supplies made by medical practitioners and practitioners, as well as the information provided by stakeholders on the issue.

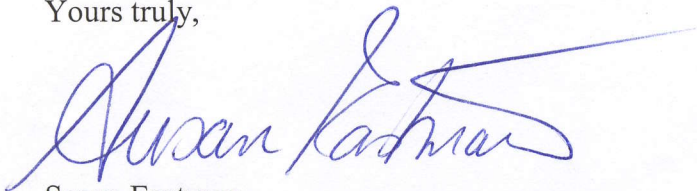
In situations where the CRA has issued specific interpretations that differ from this policy, the policy should be applied to the affected person(s) on the earlier of the day the CRA has made the public aware of this policy or informs the person(s) in writing of the application of the tax to their transaction(s). However, the CRA may apply the policy retroactively, where this would be beneficial to a person and the person asks that the policy be applied retroactively.

Sections 5 and 7 of Part II of Schedule V to the ETA exempt from GST/HST certain supplies made by a “medical practitioner” and a “practitioner”, as those suppliers are defined in section 1 of that Part. In particular, paragraph 7(j) of that Part exempts a supply of a psychological service rendered to an individual made by a person licensed or otherwise certified to practise the profession of psychology. The tax status of this supply is not affected by whether a third party, such as the individual’s private insurer, pays for it. Section 2 of that Part exempts a supply made by the operator of a “health care facility” of an “institutional health care service” if the service is rendered to a patient or resident of the facility. The ETA defines “health care facility” and “institutional health care service” for purposes of that Part.

Please refer to GST/HST Policy Statement P-248 for an explanation of the application of the exempting provisions relevant to supplies of IMEs and other independent assessments when made by the operator of a health care facility, a medical practitioner, or by a practitioner.

If you require additional information on this issue, please call me directly at (613) 952-6761.

Yours truly,



Susan Eastman
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